

Message Text

LIMITED OFFICIAL USE

PAGE 01 HELSIN 00444 031415Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 L-03 STR-04 ITC-01 PA-01 PRS-01
/078 W

-----032334Z 002912 /73

R 031325Z MAR 77
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 1064
INFO USDOC
USOECN PARIS
USMISSION GENEVA
AMEMBASSY STOCKHOLM

LIMITED OFFICIAL USE HELSINKI 0444

E.O. 11652: N/A
TAGS: BEXP FI
SUBJECT: BANK OF FINLAND EXPANDS CASH PAYMENT LIST FOR IMPORTS

BEGIN UNCLASSIFIED

1. SUMMARY: THE BANK OF FINLAND HAS ANNOUNCED THAT EFFECTIVE MARCH 1 A NUMBER OF PRODUCTS WILL BE ADDED TO THE LIST OF IMPORTED GOODS ON WHICH FULL PAYMENT IS REQUIRED PRIOR TO RELEASE FROM CUSTOMS. THESE ADDITIONS WILL RAISE THE VALUE OF IMPORTS COVERED BY THE LIST TO 33 PERCENT FROM 18 PERCENT.

2. SINCE 1973 THE BANK OF FINLAND HAS REQUIRED IMPORTERS OF CERTAIN PRODUCTS, LARGELY CONSUMER GOODS, TO PAY THE SUPPLIER IN FULL, OR DEPOSIT THE EQUIVALENT AMOUNT WITH THE BANK OF FINLAND, PRIOR TO RELEASE OF GOODS FROM CUSTOMS. ADJUSTMENTS IN THE LIST HAVE BEEN MADE PERIODICALLY. AS OF MARCH 1, 1977, THE LIST IS EXPANDED TO TOTAL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HELSIN 00444 031415Z

SOME 33 PERCENT OF IMPORTS BY VALUE, AND, FOR THE FIRST TIME TO INCLUDE RAW MATERIALS AND SOME PRODUCTION EQUIPMENT. AMONG THE PRODUCTS NEWLY ADDED TO THE LIST ARE LIFTING EQUIPMENT, CONVEYERS, TOOLS, PLASTIC PRODUCTS, MEASURING DEVICES, AUTOMOBILE PARTS, AND RAW MATERIALS FOR THE CHEMICAL AND STEEL INDUSTRIES.

3. BANK OF FINLAND DIRECTOR KARI NARS WAS QUOTED IN PRESS REPORTS AS SAYING THAT THE DECISION WOULD HAVE A BENEFICIAL IMPACT ON DOMESTIC PRODUCTION BY REMOVING THE RECENT ANOMALY OF CREDIT FOR DOMESTICALLY PRODUCED GOODS BEING UNAVAILABLE WHILE FOREIGN CREDIT FOR IMPORTED GOODS WAS AVAILABLE. END UNCLASSIFIED

BEGIN LIMITED OFFICIAL USE

4. NAR INDICATED TO EMOFF, HOWEVER, THAT IMPORT SUBSTITUTION IS NOT LIKELY TO BE SIGNIFICANT, AND THAT ANY SHORT TERM NEGATIVE IMPACT ON IMPORTS WOULD BE OFFSET BY LONGER TERM FACTORS, AS THE FOREIGN BORROWING CAPACITY THUS "SAVED" WOULD BE MADE AVAILABLE BY THE BANK OF FINLAND TO IMPORTERS OF CAPITAL EQUIPMENT FOR HIGHER PRIORITY INVESTMENT PROJECTS, LARGELY IN THE WOOD PROCESSING AND METALWORKING INDUSTRIES.

5. THE MAJOR PURPOSES OF THE ACTION, ACCORDING TO NARS, WERE FIRST, TO IMPROVE THE STRUCTURE OF THE FINNISH FOREIGN DEBT BY REDUCING SHORT TERM (UNDER SIX MONTH) CREDITS, ENABLING FINLAND TO INCUR MORE LONGER TERM DEBT, AND SECOND, TO SHIFT RESOURCES (IN THIS CASE DEBT CAPACITY) TO HIGHEST PRIORITY AREAS. THE BANK DOES NOT EXPECT THIS TO AFFECT THE MONEY SUPPLY SIGNIFICANTLY.

6. COMMENT : BANK OF FINLAND GOVERNOR KOIVISTO AND NARS HAVE RECENTLY STRESSED THE IMPORTANCE OF LENGTH-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HELSIN 00444 031415Z

ENDING THE DEBT STRUCTURE IN FINLAND'S LONG-TERM ECONOMIC RECOVERY PLANNING IN PRIVATE CONVERSATIONS WITH EMBASSY OFFICERS. IN ADDITION, NARS INDICATED THAT THE BANK DOES NOT EXPECT THE INCLUSION OF RAW MATERIALS OR PRODUCER GOODS TO AFFECT ANY EXPORTING COMPANY SERIOUSLY, BUT IS READY TO RECTIFY AND ADVERSE IMPACT ON EXPORTS. END LIMITED OFFICIAL USE
BEGIN UNCLASSIFIED

7. EMBASSY CONTACTED SEVERAL IMPORTING FIRMS, WHOSE ASSESSMENT WAS THAT MEASURE WILL IMMEDIATELY AFFECT IMPORTS, SINCE LIQUIDITY IS ALREADY A PROBLEM FOR FINNISH COMPANIES, AND THERE IS NO DOMESTIC SOURCE OF CREDIT. THE MEASURE WILL HAVE ITS SHARPEST IMPACT IN THE FIRST SIX MONTHS, AS FIRMS ARE UNABLE TO ADD FOREIGN CREDITS WHILE PAYING OFF THOSE ALREADY INCURRED. BY SEPTEMBER, THIS EFFECT WILL HAVE RUN ITS COURSE, AND IMPORTS SHOULD REVIVE SLIGHTLY. ONE MAJOR IMPORTER SUGGESTED THAT SINCE CERTAIN PRODUCTS NOW

COVERED ARE ESSENTIAL FOR EXPORT PRODUCTION, THE BANK OF FINLAND WILL BE FORCED TO ADJUST THE LIST FAIRLY SOON. THE IMPORT SUBSTITUTION EFFECT WAS LARGELY DISMISSED, SINCE FEW OF THE PRODUCTS HAVE DOMESTIC COMPETITION. THE ANNOUNCEMENT ALSO STIMULATED THE RECURRENT HOSTILITY IN BUSINESS, PARTICULARLY IMPORTING CIRCLES, AGAINST THE BANK AND KOIVISTO.

8. TWO AMERICA EXPORTS WHICH IMPORTERS FEEL WILL BE AFFECTED ARE HOISTING EQUIPMENT, SUCH AS FORK LIFTS, AND MEASURING INSTRUMENTS. ALSO, SEVERAL OF THE EMBASSY'S 1977 "BEST PROSPECTS" ARE INCLUDED, SUCH AS PROCESS CONTROL INSTRUMENTATION, LABORATORY AND MEDICAL INSTRUMENTS, AND FILTRATION AND PURIFICATION EQUIPMENT.

9. EMBASSY WILL POUCH TO ALL ADDRESSEES FINNISH LANGUAGE TEXT (AND BTN NUMBER) OF COMPLETE CASH PAYMENT LIST, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 HELSIN 00444 031415Z

AND ENGLISH LANGUAGE COPY WHEN AVAILABLE. END UNCLASSIFIED.
AUSTAD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HELSIN00444
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770074-0247
Format: TEL
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770398/aaaadidg.tel
Line Count: 141
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0caed7be-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3222012
Secure: OPEN
Status: NATIVE
Subject: BANK OF FINLAND EXPANDS CASH PAYMENT LIST FOR IMPORTS BEGIN UNCLASSIFIED
TAGS: BEXP, FI
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0caed7be-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009